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SUBJECT: Honduras Agrees on New Minimum Wage - 8.4 to 11
Percent Raise for Workers Retroactive to January 1

¶1. After three months of deliberations between business and labor, the Honduran Special Commission for the Minimum Wage approved a 8.4 to 11 percent increase in the minimum wage for 2006 on March 25. The increase is retroactive to January 1. The official decree signed March 27 is awaiting publication in La Gaceta (akin to the Federal Registry) in order to become effective law. This tripartite Special Commission includes the Government (represented by the Minister of Labor, Rixi Moncada), the private employers' association (COHEP), and the secretaries general of the three labor confederations.

¶2. The revised daily minimum wage scale is broken down by sector and by size of business: small (1-15 workers) with an 11 percent increase and large (16 or more workers) with an 8.4 percent increase; the financial services sector has a 9.5 percent increase. The scale ranges from minimum 68.0 lempiras (USD 3.58) per day for workers in small agriculture to maximum 107.06 lempiras (USD 5.63) per day for workers in financial/insurance companies and workers in export-oriented businesses (including maquilas and certain commercial agriculture such as tobacco, coffee, melon, bananas, and seafood). Workers in such areas as construction, services, mining, transportation, communication, etc. have minimum wages in between these two rates, depending on their sector.

¶3. The minimum wage scale in 2005 ranged from 61.26 lempiras (USD 3.25) to 97.77 lempiras (USD 5.19) per day. Inflation was approximately 8.8 percent in 2005 according to the Central Bank. Thus far, the inflation rate for early 2006 is 7.05 percent according to the Central Bank.

¶4. The deliberations started with the tripartite Special Commission on December 17, 2005. They had six lengthy formal meetings. The workers' sector began their negotiations at 40 percent, and the business sector began at about 2 percent. Both sectors are in agreement that they want conditions conducive to a larger general policy on salaries that would drive automatic yearly increases.

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